



STATE OF MISSISSIPPI  
TREASURY DEPARTMENT

TATE REEVES  
STATE TREASURER

POST OFFICE BOX 138  
JACKSON, MISSISSIPPI 39205  
TELEPHONE (601) 359-3600

February 11, 2004

Honorable Phil Bryant – State Auditor  
Office of the State Auditor  
801 Woolfolk Building  
501 North West Street  
Jackson, Mississippi 39201

Dear Mr. Bryant:

We have reviewed the financial audit findings in reference to our fiscal year 2003 audit. Listed below are our responses and plan for corrective action:

AUDIT FINDING:	Review Resource Access Control Facility (RACF) settings to maximize control capabilities.
Response:	We concur with this finding.
Corrective Action Plan:	The Data Processing director for the State Treasury has reviewed all settings for RACF with ITS to ensure each employee has a unique password and user ID. Further, all dormant user accounts have been reviewed and retired, or terminated employees' user ID's have been disabled or deleted. Procedures for notifying the Data Processing Director when employees are terminated, retired or leave are being implemented so the Data Processing director can notify ITS of accounts that need to be disabled in the future.
AUDIT FINDING:	Strengthen control over the statewide collateral pool.
Response:	We concur with this finding.
Corrective Action Plan:	<p>The controls over the Statewide Collateral Pool were established to ensure that adequate collateral is maintained to secure the public deposits. The process involves 1,200 public entities</p> <p>110 banks, and 18 third party safekeepers. With a full time staff of 2 employees, the State Treasury will continue to monitor the statewide collateral pool under the current procedures. The staff will be instructed to undertake additional measures as needed to verify that errors are kept to a minimum.</p>

AUDIT FINDING: Strengthen controls over the defacement of state warrants.

Response: We concur with this finding.

Corrective Action Plan: The Data Processing Director has implemented new procedures to have any special warrants that have been issued defaced as soon as they are paid. The daily control sheet for data processing operations now has a place for the employee entering specials to initial as soon as the defacement occurs and another place for a second employee to verify the defacement. All other state warrants already have some form of defacement by the time these warrant reach the data processing department.

AUDIT FINDING: Strengthen controls over investments of the Education Improvement Trust Fund.

Response: We concur with this finding.

Corrective Action Plan: The investment division personnel, along with the third party vendor who analyzes this fund, will continue to monitor all investments of this fund. If the manager has failed to comply with the guidelines and/or statute, the manager will be notified in writing and given an appropriate amount of time, depending on the investment, to comply with the statute and/or guidelines.

AUDIT FINDING: Strengthen controls over SAAS approval levels.

Response: We concur with this finding.

Corrective Action Plan: The internal auditors' ability to enter disbursements has been removed. Also, contract employees ability to enter or approve disbursements has been removed. The internal auditor and accounting director will continue to monitor and maintain SAAS approval levels.

If you have any questions or need any additional information, do not hesitate to contact me.

Sincerely,

A handwritten signature in black ink, appearing to read "Tate Reeves", written over a horizontal line.

Tate Reeves  
State Treasurer

TR/chb